United States
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Foreign Agriculture

Tigers, Tigers, Burning Bright: Export Opportunities in Southeast Asia

Marketing News

Avocado Commission Will Increase Sales of U.S. Avocados to Europe

Europeans may soon have an opportunity to taste California avocados, according to the **California Avocado Commission.** The Commission has launched a new marketing program to help U.S. shippers fill an expected short-term "avocado gap" in Europe due to a major crop failure last summer in Israel. According to Avi Crane, crop statistics manager for the Commission, importers are looking for reliable supply alternatives since this is the second consecutive year that the Israeli crop has been short. Israel has had an almost exclusive hold on the European avocado market for more than 20 years. The Commission will make a strong effort to establish a more permanent presence in Europe and to develop a long-term distribution option for European importers. The Commission will supplement its new marketing plan to promote avocados at competitive prices by using Targeted Export Assistance program funds to finance in-store demonstrations and point-of-sale materials.

Successful Trade Show Held in Singapore

Results tallied from **Food and Hotel Asia '88** in Singapore indicate that the show was a success for U.S. exporters. The show last spring attracted 20,000 trade visitors, including 4,500 foreign visitors from the Asia-Pacific area. The trade show featured 12 national pavilions, including the U.S. pavilion which housed 60 booths for 52 cooperators, state export groups and private organizations. The U.S. pavilion displayed a wide variety of food items including beef, wines, juices, fruits and confectionery products. During the show, seven companies reported sales totaling $660,000, while 24 companies expected total sales of $39.3 million within the next year. In addition, U.S. exhibitors collected more than 1,300 sales leads during the show.

Future Training Site Dedicated by U.S. Wheat and Moroccan Millers

Last summer, a ground-breaking ceremony for the future Moroccan Millers' Training Institute was held by **U.S. Wheat Associates** and the Moroccan Millers Association. The two organizations signed a cooperative agreement to build this facility, which will be finished in January 1990. In attendance at the ceremony were high-level Moroccan government officials, area milling and wheat industry representatives and a U.S. Wheat official. The Institute will train people from Morocco and other French-speaking African countries. According to the president of the Moroccan Millers, the facility will be of great value to the sector since many employees are inexperienced while the mills are among the most sophisticated in the world.

Meat Export Federation Holds Beef Blitz in Japan

This past fall, the **U.S. Meat Export Federation** sponsored the second "U.S. Meat Month" in Japan. It was a meat extravaganza featuring newspaper and magazine advertisements and retail and restaurant promotions. In addition, seminars were held for the Japanese trade so it could become more aware of U.S. processed beef and pork products. Cooking school seminars were offered to reach the Japanese consumer, who is often unfamiliar with U.S. meat or its preparation.

Revised Ocean Shipping Directory Available

The U.S. Department of Agriculture's **Office of Transportation** recently published a revised guide to help U.S. exporters find seaborne liner services to foreign markets. The publication, *Ocean Liner Cargo Services Directory,* includes a list of ports, a glossary of transportation and trading terms and a directory of port authorities. Free copies can be obtained from the Office of Transportation, U.S. Department of Agriculture, Room 1405-Auditor's Building, Washington, D.C. 20250, Tel. (202) 653-6205.

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U.S. Agricultural Exporters Go for the Gold in Korea

By James E. Ross

This month, Foreign Agriculture *looks at U.S. agricultural export opportunities in Korea, Taiwan, Singapore and Hong Kong—popularly referred to as the "four tigers" of Southeast Asia. These growing markets have some of the highest per capita incomes in the Southeast Asian region. Their dynamic economies and growing familiarity with Western foods make them attractive to U.S. exporters.*

In its second year of double-digit expansion, Korea's economy grew at a rate of 12.2 percent in 1987, only slightly less than 1986. Its robust growth has helped make it the third largest market in the world for U.S. agricultural exports.

Farm imports from the United States in 1987—largely bulk, unprocessed goods—increased by 41 percent to $2 billion, bringing the U.S. share of the Korean market up to 47 percent and reversing a four-year decline.

Hides, the largest U.S. agricultural import in Korea, were up 54 percent to $639 million. At the same time, U.S. cotton imports more than doubled ($303 million), and corn tripled ($361 million).

Strong sales continued to surge through the first half of 1988, as demand from Korea's leather, textile and feed industries fueled a 15-percent increase in U.S. agricultural exports to Korea.

Korea Buys Few High-Value Goods

The huge Korean market is primarily a bulk commodity market. High-value goods, principally foods and beverages, account for only 1.4 percent of the market. (See article on Korean food and beverage imports, page 7). This comes at a time when U.S. trade with most of its trading partners is split almost evenly between bulk and high-value goods.

Total food and beverage trade between Korea and the United States was nearly equal at $23 million each in 1983. By 1987, the situation had shifted to the point that Korea bought around $27 million in U.S. food and beverages but sold the United States comparable goods worth nearly $49 million.

Market Remains Tightly Held

The imbalance can be explained largely by Korea's restrictive trade policy. Many products cannot enter Korea without official licenses, which are difficult to get. (See box.)

Moreover, products which enjoy automatic import approval are often subject to high tariffs or stringent phytosanitary regulations. Tariffs and taxes on wine, for example, are more than 400 percent of the c.i.f. price. The final cost to consumers in a bar or restaurant can be approximately 700 percent of the c.i.f. price.

Of Korea's top 10 food and beverage exports to the United States, only four can be imported into Korea without special ministry approval. Korean duties on all 10 products exceed 20 percent.

Barriers Draw International Fire

Korea's newly achieved trade surplus, largely the result of a 34-percent increase in exports, has underlined the contrast between its relatively closed market and more open ones in the West. The United States and other developed countries have called on Korea to accelerate its market liberalization program, allow its currency to strengthen and abide by international trading rules.

The United States and the European Community also have announced the removal of trade favors given to Korea under the generalized system of preferences.[1] Japan, too, is considering a similar action.

Negotiations Have Had Some Effect

As a result of trade negotiations, some progress has been made in opening the market for a number of products, including almonds, raisins, lemons, grapefruit, sweet cherries, chocolate, canned corn and the juices of cranberries, grapefruit and lemons. Imports of most of these items have increased rapidly.

Liberalization of wine imports in 1987 opened the trade door slightly for U.S. exporters. Despite remaining quota limitations and high tariffs, exporters who get in on the "ground floor" could reap rewards in the 1990s if trade barriers are dismantled and Korea becomes a major wine-consuming nation.

[1]The generalized system of preferences is a system of tariff preferences given by developed countries to developing countries.

Korea at a Glance

Land

98,480 square kilometers; 21 percent arable, 1 percent permanent crops; 1 percent meadows and pastures; 67 percent forest and woodland; 10 percent other, includes 12 percent irrigated.

People

Population: 41,986,669 (July 1987); average annual growth rate 1.53 percent. Ethnic divisions: homogeneous; small Chinese minority (about 20,000).

Language: Korean. English widely taught in high school.

Literacy: 90 percent.

Labor force: 15.9 million; 47 percent services and other; 30 percent agriculture, fishing and forestry; 21 percent mining and manufacturing; average unemployment 4 percent (1986 estimate).

Government

Official name: Republic of Korea

Type: Republic; power centralized in strong executive.

Capital: Seoul.

Economy

GNP $94.1 billion (1986, in 1986 prices).
Per capita GNP: $2,371 (1986).
Per capita food expenditures: $480.

Agriculture: 9 million people (22 percent of population) live in farm households, but agriculture, forestry and fishing constitute 15 percent of GNP; main crops—rice, barley, vegetables and legumes.

Major industries: Textiles and clothing, footwear, food processing, chemicals, steel, electronics, automobile production, ship building.

Exports: $34.8 billion (f.o.b. 1986); principal items—textiles and clothing, electrical machinery, footwear, steel, automobiles, ships, fish.

Imports: $31.2 billion (c.i.f. 1986); principal items—machinery, oil, steel, transport equipment, textiles, organic chemicals, grains.

Agricultural imports (1987): $5.02 billion U.S. market share: 47 percent.

Major trade partners: Exports—United States and Japan. Imports—Japan and United States.

Korea Uses Tender Purchasing For Most Agricultural Imports

In Korea, industrial purchases of such products as cotton, hides and skins for tanning, logs and lumber, tallow, wheat for milling and soybeans for crushing are carried out directly by the end users on the basis of negotiation with international trading companies.

Most other agricultural imports are strictly regulated by government policy, which delegates authority to government buying agencies, semi-government agencies and trade associations to make purchases under government ministry supervision.

These buying organizations may purchase agricultural products on a negotiated basis under unusual circumstances. However, in order to avoid the appearance of impropriety, they usually make their purchases on a tender basis, either soliciting bids from any supplier worldwide (a public open tender) or, in most cases, soliciting bids from Korean firms with prior approval to participate in the bidding process (an open tender).

Announcements may appear in newspapers well in advance of a tender, but it is more common for notification to go out only to pre-qualified firms and other interested parties a few days before bids are scheduled to be opened.

For this reason, it is usually essential for a U.S. firm to be represented by a Korean company in order to have its offer considered. The short lead time for most tenders requires the U.S. firm to develop its business channels in Korea well in advance of any specific tender.

U.S. suppliers can directly contact the agencies listed below to express interest in participating in their tenders, but past experience has shown that such contacts rarely produce results.

The U.S. Agricultural Trade Office in Seoul can provide lists of Korean firms which have recently participated in tenders by each agency. (Guarantees or endorsements are not implied.)

The Korean import tender system, which leans towards rigid product descriptions and rock-bottom prices, frequently embroils suppliers in disputes over product quality, sometimes resulting in forfeiture of performance bonds and the blacklisting of offering or supplying firms.

The necessity of working through a foreign intermediary poses risks which U.S. exporting firms should consider carefully before attempting to make sales through the tender procedure.

Trade talks in May 1988 resulted in liberalization of trade in avocados, frozen potatoes, meat extracts, texturized vegetable protein and some vegetable juices.

Although more than 200 items still remain on the U.S. list for further negotiation, the situation on Korea's domestic front may encourage expansion of export opportunities for U.S. goods in Korea.

Around two-thirds of Korea's 43-million population are age 30 or under and anxious to become "international consumers." With Korea's gross national product growing at over 10 percent annually for the past two decades, pressure is building to respond to consumer demands.

Rapid growth in personal incomes, a greatly improved balance-of-payments position and growing dependence on the U.S. market as an outlet for Korean goods have favored a relaxation of trade barriers. Action to ease trade restraints could expand U.S. agricultural exports to Korea over the next several years. ■

The author is the former U.S. agricultural counselor in Seoul.

Major Korean Agricultural Import Agencies

Organization	Items frequently purchased
Office of Supply of the Republic of Korea (OSROK)	Rice, sesame seed, peanuts, garlic, red pepper; non-agricultural items
National Livestock Federation (NCLF)	Cattle, beef, feed grains, feed ingredients, forage and grass seeds
Livestock Product Marketing Association (LPMO)	Frozen beef
National Agricultural Cooperative Federation	Soybeans (food use), seed garlic
Korean Feed Association (KFA)	Feed grains, feed ingredients
Korea Flour Mills Industry Association (KOFMIA)	Wheat
Korean Corn Processing Industry Association (KCPIA)	Corn
Agriculture and Fisheries Development Corporation (AFDC)	Peanuts, sesame seed, garlic, red pepper, onions, soybeans for sprouting
Korea Tourist Hotel Supply Center (for hotel use only)	Beef, vegetables, fruits
Korean National Tourism Corporation	Wines

U.S. Food and Beverage Exports Inch Upward in Korea's Protected Market

By James E. Ross

After two consecutive years of decline, the value of exports of U.S. processed foods and beverages to Korea crept ahead in 1987. The increase of $4.4 million over 1986 was mainly due to larger exports of dried fruits, nuts, cocoa products and canned fruits and vegetables.

Even though exports increased, the 1987 value of $26.9 million was below that of 1984 and 1985, due to Korea's termination of U.S. beef exports for tourist and hotel/restaurant consumption.

Increased local tangerine production, along with Korea's protectionist trade policies, has constrained orange juice imports, which are permitted only for blending with local juice. Imports of lemons and grapefruits, however, have grown substantially as the result of liberalization.

Snack Foods Show Promise

Changing tastes and increased consumption of snacks may account for the gradual climb in imports of dried fruits, tree nuts and cocoa products. Canned fruits also have shown a gradual increase, held back perhaps because of increased bilateral trade between other Asian countries.

Mixed seasoning sales are increasing as Korean restaurateurs become more familiar with the products. Frozen potato imports, except those destined for tourist hotels, were restricted in order to force fast-food restaurants in Korea to support an infant potato-processing industry.

Growth of the domestic coffee-whitener industry and a 40-percent tariff barrier could account for the decrease in the import of coffee whitener. General imports of a few types of fresh fruit have been permitted, but quarantine restrictions still could be a barrier to U.S. export growth.

Prospects Remain Mixed

Korea liberalized canned pork imports in 1987, but penetrating the market has been difficult for the United States as well as Denmark. Imports of fruit cocktail, fruit salad and canned mixed fruits were liberalized in the spring of 1988, but sales of these items will require substantial market promotion.

Korea's Barriers Continue To Block Major Agricultural Goods

Item	Tariff (Percent)	Non-tariff barrier
Avocados	50	Subject to quarantine regulation
Meat extract	30	
Texturized vegetable protein	30	Restricted to 50 percent protein and over
Frozen potatoes	30	No restriction
Alfalfa pellets/cubes	20	Quota system
Orange juice concentrate	50	Quota system
Vegetable juice (not tomato)	30	
Red wine	70	Quota system until 1990
White wine	70	

Lower tariffs and increased promotion could build imports of raisins and almonds. The short supply of potatoes stands to create a substantial market for frozen potatoes and french fries used principally in fast-food restaurants.

High-quality beef imports for the tourist industry are expected to increase due to a tight meat supply and a declining Korean cattle herd. In August, imports of beef were resumed, and as much as 14,500 tons of frozen beef could be purchased by the end of the year. The market demand could reach $10 million or more over the next two years.

Foreign Interest in Korea Grows

Competition among nations producing farm and forest products for a share of the Korean market continued to grow in 1988. One reason was the stronger won which raised the dollar cost of all promotional programs in Korea. Leading products promoted by a number of countries included wines, marine products, chocolates, juices, fresh fruits and nuts.

Chile, New Zealand, Italy, France and Canada expanded their local marketing staffs. New players on the local scene included Thailand and Hungary. In addition, the Australian and Canadian embassies have begun to develop public relations activities similar to those administered by the U.S. Agricultural Trade Office in Seoul. ■

The author is the former U.S. agricultural counselor in Seoul.

Singapore Is Dynamic Market For U.S. Agricultural Exporters

By Peter O. Kurz

Singapore's high disposable incomes, lack of trade barriers and position as an important consolidation and transshipment point make the market one of the most attractive in Southeast Asia for U.S. agricultural exporters.

The Singapore market is an extremely dynamic one. Consumers are willing to try new food products and their per capita incomes of nearly US$8,000 enable them to purchase these items. Singapore is also a quality food market. Consumers are exposed to foods from all over the world and take eating seriously.

Singapore Depends on Food Imports

Because Singapore's own agricultural output consists largely of pork and poultry meat (and even that production is declining in light of the government's goal of phasing out pig/poultry farms), a large share of Singapore's food requirements must be imported.

In 1987, imports of agricultural products from all sources increased nearly 11 percent in value over 1986 levels to US$2.75 billion.

Items that showed significant increases were live animals (for food), meat offals, fish and fish products, cocoa and chocolate items, sugar and honey, food preparations, alcoholic beverages, tobacco, tea, cotton, vegetable oils, bird's eggs and hides.

A continued favorable economic climate in Singapore (gross domestic product in 1987 grew 8.8 percent) and improving economic conditions throughout Southeast Asia are expected to result in further increases in the country's agricultural imports.

However, these gains are expected to occur at a somewhat slower rate than in past years, when the Singapore economy and food consumption were expanding rapidly from relatively low bases.

U.S. Sales in Singapore Are Growing

The United States captured an exceptionally good share of Singapore's growing agricultural imports in 1987.

Purchases of food products from the United States rose more than 26 percent in 1987 to a record US$265 million. This expansion strengthened the U.S. market position from 8.5 percent in 1986 to 9.6 percent in 1987.

U.S. import value gains were strongest for seafood and products (101 percent), alcoholic beverages (62 percent), food preparations (60 percent), meat and meat products (16 percent) and vegetables (9 percent).

Singapore's strong economic outlook, a weak U.S. dollar relative to European and North Asian currencies and changing consumption patterns in Singapore will help to sustain recent gains in the U.S. market position in coming months.

An important source of future growth in U.S. exports to Singapore lies in the further expansion of market shares. Yet this task will prove increasingly difficult because the number of competitors in the market and the extent of their activities is expanding at a rapid pace.

Major problems which U.S. exporters must overcome to compete in the Singapore market are traditional preferences for freshly slaughtered meat and poultry products, high freight costs and long shipment times.

Market Trends Point to Future Sales

Some current trends in the Singapore market that favor expanded purchases of U.S. foods are:

—A record number of women entered the work force last year, providing opportunities for fast and convenience food products;

—Consumers are increasingly conscious of health, fitness and weight considerations;

—A recent drop in the import tax on refrigerators is expected to increase ownership. Microwave ovens are gaining in popularity, favoring increased consumption of frozen and prepared foods; and

—Increased tourism has improved prospects for sales of U.S. fresh produce and meat.

Strong cultural traditions in the face of rapidly changing lifestyles and increasing numbers of products in the marketplace are resulting in a growing need for consumer and trade education regarding the quality, nutritional value and preparation methods for U.S. foods.

Singapore has few tariff or non-tariff barriers to imports, with the exception of revenue-raising duties on imports of tobacco, alcohol and confectionery items.

Despite the lack of trade barriers, there are several constraints to the magnitude of sales opportunities for Western foods. Of primary importance is the size of the Singapore market, which is relatively small, with a population of 2.6 million people.

In addition, Singapore's population (76 percent Chinese, 15 percent Malay and 8 percent Indian) is a mix of ethnic tastes and preferences. Young people, however, are gaining increasing exposure to Western culture and lifestyles, which will have a major impact on their future diets.

Learn How the Singapore Market Works

In addition to being attuned to the culture and taste preferences of consumers, U.S. agricultural exporters interested in getting into the Singapore market should study the market's promotion and retail sectors closely.

Retail and menu promotions are the prevalent forms of market development activities in Singapore. Food fairs at supermarkets and menu promotions at hotels and restaurants are almost a weekly occurrence. These events are conducted by trade organizations from a wide range of countries and the number of competitors that are organizing such events continues to grow.

Point-of-purchase promotions are a major means of introducing new products into the marketplace and familiarizing consumers with these items. With the intense competition in Singapore, there is little trade loyalty and new food items are given only a short time to prove their sales potential.

Point-of-purchase promotions, especially in outlets heavily frequented by local consumers, also provide a means of extending the market for products that have been available for some time.

U.S. Products With Potential in Singapore Market

- Beef and processed meat products.
- Poultry and products, especially poultry parts and processed poultry meats.
- Fresh fruits, especially new-to-market ones including berries, grapes, grapefruit and stone fruits.
- Fresh and chilled seafood and products.
- Beverages, such as mineral waters.
- Packaged foods, such as canned fruits and vegetables, flavorings and beverage bases, mixed juices and soup mixes.
- Specialty foods, such as sauces, seasonings, spices and jams.
- Chocolate and confectionery items, such as cocoa powder and cocoa paste.
- Bakery products, such as crackers and cookies.

Australia, New Zealand and Canada have supplemented these trade promotion efforts with T.V., radio, newspaper and other media advertising. With the advent of USDA's Targeted Export Assistance program, however, the United States has become the most frequent user of these latter forms of media.

Three Chains Dominate Retail Sales

The retail sector of the Singapore food industry consists of three major chains: Cold Storage Retail with nine outlets, NTUC Fairprice with 33 outlets and Yaohan's with five outlets.

Convenience stores, including the 7-Eleven, S-Mart and Econ Mini-Mart chains, are playing an increasingly important role in the retail business and providing strong competition for the traditional "Mom-and-Pop" provision shops, of which there are hundreds still left in Singapore.

Retail Food Sector Is Sophisticated

The retail food trade is relatively sophisticated in its management and merchandising practices. Nevertheless, leading retailers have expressed strong

Singapore at a Glance

Land

Some 570 square kilometers; 4 percent arable, 7 percent permanent crops, 5 percent forest and woodland; 84 percent other.

People

Population: 2,645,443 (July 1988); average annual growth rate 1.09 percent. Ethnic divisions: 76.4 percent Chinese, 14.9 percent Malay, 6.4 percent Indian, 2.3 percent other.

Language: Chinese, Malay, Tamil and English (official); Malay (national).

Literacy: 86.4 percent (1986).

Labor force: 1.15 million (1985); 31.3 percent services; 25.2 percent manufacturing; 23.1 percent trade; 9.9 percent transport and communication; 8.7 construction; 0.8 percent agriculture/fishing; and 6.5 percent unemployment (1986).

Government

Official name: Republic of Singapore.

Type: Republic within Commonwealth.

Capital: Singapore.

National holiday: August 9.

Economy

GDP: $18.6 billion (1986).
Per capita GDP: $8,057 (1987).
Per capita food expenditures: $330 (1987).

Major industries: Petroleum refining, electronics, oil drilling equipment, rubber processing and products, processed food and beverages, ship repair, entrepot trade, financial services, biotechnology.

Agriculture: Minor importance. Must import most of its food requirements.

Exports: $22.5 billion (f.o.b. 1986); principal items—manufactured goods, petroleum, rubber, electronics.

Imports: $25.5 billion (c.i.f. 1986); major retained imports—capital equipment, manufactured goods, petroleum.

Major trade partners: Exports—U.S., Malaysia, Japan, Hong Kong, Thailand, Australia, West Germany. Imports—Japan, U.S., Malaysia, China.

interest in upgrading their merchandising and management operations and are looking to the United States for ideas in this area.

A similar interest in Western merchandising and product trends has been expressed by the wholesale group that services many of the family provision shops. Modernization is seen as essential to the ability of these groups to compete with the expanding number of convenience stores.

Consumers shop in supermarkets and other retail outlets largely to obtain processed foods, dry goods and a variety of non-food items. Some fresh fruits and vegetables, poultry, red meat and seafood are purchased through these outlets, but the majority of fresh produce and meat items continue to be obtained at large wet markets which are located throughout Singapore.

Fast-Food Sector Is Expanding

The fast-food industry expanded rapidly in the early 1980s, then stagnated with the recent recession. A major shakeout occurrred, and there is evidence that this industry is beginning to recover and expand on a more solid base.

Most of the major fast-food chains are located in Singapore including McDonalds, Burger King, Pizza Hut, Kentucky Fried Chicken, Swenson's, Denny's, Long John Silver, Ponderosa, and A&W. These establishments have proved critical in introducing new Western food items to consumers on a large scale. The fast-food outlets are taking their place in the Singapore market alongside the numerous hawker centers and small family-owned restaurants.

Eating Out Is Major Past-Time

For Singaporeans with more money and time, there are also the hundreds of food and beverage outlets in the Island's hotels, which offer foods from nearly every area of the world. Eating out is a major pastime in Singapore and it has been estimated that, on average, Singaporeans will consume one meal outside the home per day in the near future.

The retail and hotel-restaurant-institutional food industries are serviced by a large import trade. Several of the major retailers directly import many of the food items which are carried on their shelves, either through a separate retail purchasing operation and/or a wholesale group which services other retailers as well.

Their efforts are supplemented by numerous independent importers, who tend to specialize in categories of food items, such as fresh produce, dry groceries, alcoholic beverages and frozen foods, or in servicing specific segments of the food industry.

Due largely to the size and nature of the market, there are a relatively limited number of importers that are in a position to purchase U.S. products.

The companies that do, however, have proven to be extremely successful and are always on the lookout for good new product lines. Nevertheless, the lack of additional firms of this nature serves as an important constraint to U.S. imports as once an exclusive franchise is obtained for a group of U.S. products, such as wines or snack foods, the distributor is not able to take on competing lines. ■

The author is the former U.S. agricultural trade officer in Singapore.

Growing Taiwan Market Could Benefit U.S. Exporters

Already a major U.S. farm export market, Taiwan's agricultural purchases in the future should rise as its population and per capita income rise, and its food and fiber needs expand.

Buoyed by strong export and domestic demand, Taiwan's economy last year turned in its second best performance of the 1980s with just over 11-percent growth and practically no inflation. Total trade rose almost 40 percent as Taiwan became the world's 13th largest trader. Foreign exchange reserves remain high.

Now the fifth largest U.S. trading partner, Taiwan's trade surplus with the United States—up 19 percent to $19 billion—is exceeded only by Japan's. In 1987, Taiwan also was the fifth largest U.S. agricultural export market.

Taiwan's agricultural sector faces strong competition as the result of industrial development, urbanization and the availability of cheaper or more attractive imports. Over the longer term, this should mean even more trade opportunities for U.S. agricultural exporters in this lucrative Asian market.

Imports Becoming Cheaper

The appreciation of the new Taiwan dollar has substantially lowered the cost of agricultural imports, making many domestic crops even less price competitive. Burgeoning trade surpluses and increasing pressure from trading partners, notably the United States, induced Taiwan authorities to lift trade bans on some products in 1986.

One-third of the value of Taiwan's agricultural imports in 1987 consisted of bulk grains—corn, wheat, barley and sorghum—plus soybeans. These imports rose nearly 14 percent in volume to 7.6 million metric tons, but the value remained about the same because of softer international prices. Of these imports, almost 90 percent came from the United States.

Overall, Taiwan's agricultural imports reached $4.8 billion in 1987, with $1.7 billion or 37 percent of the market, being supplied by U.S. producers.

The leading agricultural imports from the United States on a value basis in 1987 (with U.S. sales in parentheses) were: soybeans ($421 million), corn ($293 million), hides and skins ($252 million), raw cotton ($163 million), tobacco ($131 million), logs and lumber ($122 million) and wheat ($111 million).

Taiwan's imports of raw cotton jumped 34 percent in volume and 55 percent in value last year, reflecting a prosperous year for the spinning industry. Meanwhile, the U.S. share more than tripled, going from 9.8 percent to 30.2 percent, mainly because of more competitive U.S. prices.

Most of the other agricultural imports—especially high-value foods—logged sizable gains. The stronger new Taiwan dollar should keep this trend rising in 1988.

In 1987, U.S. producers had market shares of 99 percent for soybeans, 92 percent for wheat, 83 percent for corn, 79 percent for tobacco and nearly 50 percent for hides and skins.

Other U.S. commodities that commanded a healthy market share included table grapes (90 percent), fresh citrus (82 percent), fresh fruits and nuts (74 percent), sorghum (70 percent), processed fruits and nuts (48 percent), apples (43 percent) and fresh and prepared vegetables (30 percent).

Gains Continuing in 1988

Through May of 1988, U.S. agricultural exporters continued to realize further gains in the Taiwan marketplace. U.S. agricultural exports stood at $647 million, one-fourth greater than the comparable period in 1987.

Exports of U.S. soybeans, corn, hides and skins, wheat, fruits and vegetables were on the rise through May 1988. However, U.S. exports of cotton and linters were lagging about 25 percent behind last year's pace.

Consumption Patterns Changing

Fast-food restaurants, featuring a typical U.S. format and serving both Western and local foods, are firmly established in Taiwan. Higher incomes, a growing acceptance of Western foods and the rise in double-income families have paved the way for this explosive expansion in fast-food popularity.

Well-known U.S. companies—including McDonald's, Wendy's, Kentucky Fried Chicken, Church's Fried Chicken, Pizza Hut, Hardee's, Swenson's, Ponderosa, Dairy Queen, Mister Donut, Baskin-Robbins, Breyers and Foremost—are now a familiar part of the Taiwan scene.

These businesses represent burgeoning outlets for U.S. frozen french fries, beef, ice cream and other high-value foods.

Augmenting these Westernizing influences on eating habits is the proliferation of supermarkets, now numbering over 20, mainly in Taipei, the capital city. These stores carry a wide range of imported foods and household products. In mid-September there were more than 200 7-Eleven food stores spread throughout the island in the main cities and towns, with 24-hour service the norm.

Liberalization Moves

Until recently, Taiwan seemed inclined to liberalize imports by lowering tariffs and non-tariff barriers. However, momentum in this direction slackened in 1987—a year that witnessed the emergence of a more vocal protectionist farm bloc as farmers protested vigorously against fruit and poultry imports. Soon the United States became the sole target after licensing of fruit imports from all other countries was suspended.

Taiwan Has Reduced Tariffs on Some Agricultural Items. . .

Commodity	Old Rate	New Rate
	---------In percent--------	
Bacon	45	20
Edible milk powder (under 5 lb)	20	17.5
Feather powder/paste	20	5
Frozen corn, uncooked	35	30
Frozen corn, cooked	35	30
Avocados, fresh	57.5	40
Pecans	25	10
Macadamia nuts	40	10
Cherries	25	20
Peaches, nectarines	57.5	50
Apricots	57.5	50
Kiwifruit (Jan 31-May 31)	57.5	50
American ginseng	15	7.5 (or NT$1000/kg)
Ginseng radix	15	7.5 (or NT$610/kg)
Ginseng radix	15	7.5 (or NT$440/kg)
Other preserved or prepared meats	50	40
Sugar, confectionery	57.5	40
Infant food	30	15
Bakers' ware for infants	40	15
Vegetables, preserved or prepared with acetic acid	40	30
Preparations for use as baby food	30	15
Preparations for use as infant food	30	15
Pecans, preserved or prepared	45	40
Macadamia nuts, preserved or prepared	45	40
Orange juice	55	45
Other fruit juices	55	45
Other vegetable juices	55	45
Infant food (juices)	55	45
Coffee extracts or concentrates	45	20
Prepared mustard	57.5	20 (or NT$37/kg)
Tomato ketchup	45	20
Baking powder	30	10
Canned or packaged milk (under 5 lb)	20	17.5
Concentrated juice	45	40
Coffee creamer	50	20
Other food preparations	50	35
Non-alcoholic beverages	35	20
Soybean meal	10	5
Pet food	20	15
Other prepared animal feeds	20	12.5
Furskins, tanned or dressed	45	3.5
Builders' carpentry or joinery	30	10
Average tariff	37.5	23.9

But Raised Them on Others

Commodity	Old Rate	New Rate
	---------in percent---------	
Frozen potatoes	25	30
Lemons (Oct 1-Feb 28)	40	50
Grapefruit (Oct 1-Feb 28)	40	50
Grapes (Nov 1-May 30)	40	42.5
Apples	40	50
Pears	40	50
Honeydew melon (Jun 1-Nov 30)	40	45
Frozen peaches	30	40
Maraschino cherries	30 (or NT$15/kg)	50 (or NT$25/kg)
Sunflower seeds	20	40
Soybean oil	7.5	8
Prepared poultry meat	35	40
Chocolate confectionery	12.5	17.5
Jams, jellies	35	45
Canned peaches	30	40
Canned fruit cocktail	30	40
Pistachio nuts, preserved or prepared	20	40
Concentrate fruit juice	40	45
Aloe vera juice	35	45
Average tariff	30.8	40.9

Although the future path of the farmers' movement is uncertain, their political clout may be beginning to take shape.

Overall, trade concessions resulting from U.S. requests were limited. Although reductions were made for 39 items, duties were raised on 20 others. While these reductions provided improved market opportunities for some U.S. products, the products for which tariffs were raised by an average of 33 percent are more important to U.S. trade interests.

Still, Taiwan remains a good market for U.S. agricultural goods, and it is ranked second only to Japan in the U.S. Department of Agriculture's recent survey of best market prospects in the near future.

New Import Directions for the Future

Emerging changes in Taiwan's foreign policies carry significant implications for agricultural trade. These changes include decisions to promote barter trade with Third World nations, increase trade with East European countries and relax restrictions on trade with the People's Republic of China.

Taiwan at a Glance

Land

Total area of 35,980 square kilometers; 24 percent arable; 1 percent permanent crops; 5 percent meadows and pastures; 55 percent forest and woodland; 15 percent other.

People

Population: 20,004,391 (July 1988). Average annual growth rate 1.14 percent.

Language: Mandarin Chinese (official); Taiwan and Hakka dialects also used.

Literacy: 94 percent.

Labor Force: 7.9 million (1986); 41 percent industry and commerce; 32 percent services; 20 percent agriculture; 7 percent civil administration; 2.5 percent unemployment (1986).

Capital: Taipei.

Economy

GNP: $71.0 billion (1985).

Agriculture: Main crops—rice, sweet potatoes, sugar cane, bananas, pineapples, citrus fruits.

Major industries: Textiles, clothing, chemicals, electronics, food processing, plywood, sugar milling, cement, shipbuilding.

Exports: $39.8 billion (f.o.b., 1986, est.); principal items—textiles, electrical machinery, general machinery and equipment, telecommunications equipment, basic metals and metal products, foodstuffs, plywood and wood products.

Imports: $24.2 billion (c.i.f., 1986 est.); principal items—machinery and equipment, crude oil, chemicals and chemical products, basic metals, foodstuffs.

Major trading partners: Exports—49 percent United States, 10 percent Japan; imports—29 percent Japan, 23 percent United States, 8.3 percent Saudi Arabia.

In 1987, Taiwan's production of soybeans and grains increased while rice output dropped. The rice diversion program is continuing this year. However, the harvest may exceed last year's storm-damaged crop. Taiwan may continue to protect its poultry industry with de facto bans on the import of chicken, duck and turkey meat although the United States continues to seek unrestricted market access.

In an effort to avoid overproduction, Taiwan hopes to slow the growth of the livestock sector. Yet, the sector has continued to expand at an average annual rate of 7 percent. Authorities have set severe environmental requirements and penalties governing waste water treatment at hog farms.

Taiwan imported about 4,000 head of dairy cattle last year, but fewer imports are expected in 1988 due to a surplus in milk production. Nonetheless, the United States should remain the major supplier of live cattle, although competition from Australia and New Zealand is increasing. ■

Growing tolerance for business contact and trade suggests that trade between Taiwan and China may expand in the near future, perhaps rapidly. Business circles in Taiwan see China as a huge potential market.

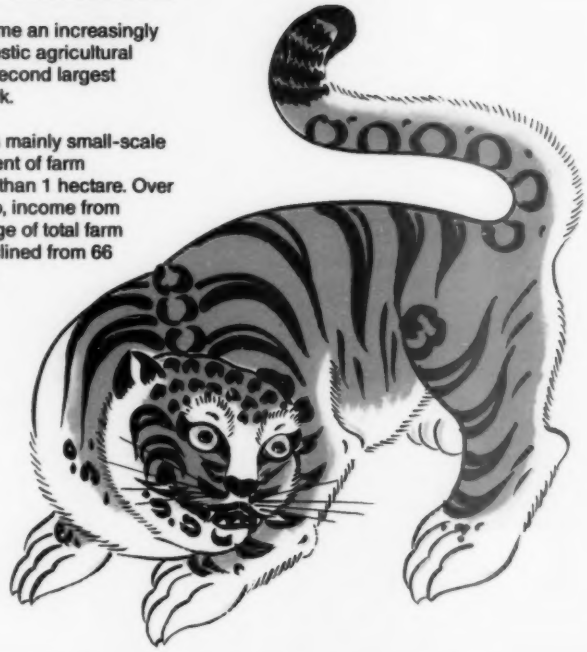
Liberalized trade between Taiwan and China could affect U.S. sales of raw materials such as cotton, leather and lumber, for which the United States was Taiwan's top supplier in 1987.

Crop Priorities Pared Down

Taiwan's basic agricultural policy is to maintain self-sufficiency in a few staples, especially rice, and to cushion displacement of local crops because of imports. Besides rice, Taiwan hopes to remain highly productive in fresh pork, poultry meat, milk, eggs, fruits, vegetables and aquaculture products.

Aquaculture has become an increasingly important part of domestic agricultural output. Shrimp is the second largest export earner after pork.

Taiwan's agriculture is mainly small-scale farming. Over 70 percent of farm households have less than 1 hectare. Over the past 20 years or so, income from farming as a percentage of total farm family income has declined from 66 percent to 36 percent.



Hong Kong Consumers Look West For High-Value Foods

By Susan Scurlock Theiler

One of the world's fastest growing economies and quickly modernizing societies, Hong Kong is a key market for U.S. food exports. The small, urban island imports nearly all the food needs of its 6 million inhabitants, and consumption of Western-style foods is growing rapidly.

Hong Kong's economy grew by 13.6 percent in 1987, and neither the U.S. stock market crash nor the impending takeover by the People's Republic of China government in 1997 has dampened Hong Kong's optimism and growth. Unemployment is practically zero and disposable income is growing at 15 percent a year.

In the past 10 years, the majority of young women have joined the labor force. This trend has increased the use of frozen and convenience foods in homes. Fast-food chains have mushroomed to cater to the energetic pace of the city.

A special characteristic of Hong Kong is that more than half of all meals are consumed in restaurants. Family gatherings are held in restaurants rather than at home. Hotels are the centers of society in Hong Kong, and hotel chefs and food and beverage managers are leaders in the food industry. Tourism provides approximately 4 million extra food consumers per year.

United States Increases Market Share

Overall, Hong Kong imported $4.8 billion worth of agricultural products in 1987. The U.S. share of Hong Kong's food imports was 18.4 percent, an increase from 17.3 percent in 1986. While total food imports rose 17 percent over the 1986 level, food imports from the United States jumped 24 percent.

The United States topped the list of suppliers of frozen poultry, oranges, apples, grapes, leaf tobacco, cigarettes, beer and ale, ice cream and fresh cream.

The U.S. share of the ginseng market was second only to China, and the share of the infant milk powder market was second to the Netherlands.

U.S. High-Value Foods Are Popular

For all food products, the United States ranks as the number two supplier after China, which has over 40 percent of the market. Japan, Thailand and Australia are well behind, each with about 5 percent of the total market. The United States has about 30 percent of Hong Kong's market for high-value foods.

Western-style boxed cereals are popular. Processed meats, such as bologna, hot dogs, sausages and lunch meat, sell well. Interest in ice cream and frozen desserts, cakes and donuts, frozen and canned vegetables, fruit juices, canned sodas, canned soups and even frozen pizzas and microwavable frozen foods is growing fast.

Interest in packaged, imported products is high, especially among younger consumers. Hong Kong supermarkets now resemble U.S. supermarkets in their range of products.

U.S. Faces Competition From Many Sources

Competition from other countries is keen. China traditionally has been the largest supplier of food to Hong Kong, however, political considerations and shortages of food have limited China's export potential. In the 1980s, its share of Hong Kong's imports has been eroded by that of other countries, particularly the United States.

China's market share is strongest for fresh meat, live poultry, eggs and fresh, Chinese-style vegetables. Australia and New Zealand are major competitors for fresh fruit, meat (particularly beef, veal and lamb) and dairy products such as butter, ultra-high temperature milk, cheese and yogurt.

France is a major supplier of wine, cheeses, spirits and fancy goods. Italy has cornered the pasta market. Japan supplies fish and seafood, as well as instant noodles. The United Kingdom has an

important share of grocery items, including jams, mixes, sauces, canned goods and confectionery.

U.S. Exporters Are Overcoming Constraints

U.S. exporters encounter certain constraints in the Hong Kong market. One is lack of U.S. product awareness. Hong Kong consumers are hesitant to purchase U.S. products with which they are not familiar. In-store product sampling is necessary to introduce new products.

A major obstacle in penetrating the established supermarket chains is the high shelf space fees charged to suppliers of new products.

U.S. exporters also must be fully committed to the Hong Kong market and consumers. Hong Kong importers complain of late deliveries, price increases and overly strict payment terms when dealing with U.S. exporters.

Freight and delivery problems are a constraint, as well. Hong Kong buyers often prefer to use suppliers on the U.S. West Coast, because freight costs are lower in comparison to the East Coast.

Hong Kong shops placing small orders must find a company in the United States willing to consolidate their shipments. By the same token, large U.S. suppliers are less willing to honor orders for less than a container in volume.

Food Processing Is Minimal

The leaders in Hong Kong food processing are a few major companies who use imported raw materials. Winner Foods and Garden Bakery supply most of the fresh bread, microwavable sandwiches and much of the noodles and instant noodles for retail food stores and restaurants. Hong Kong Soya Bean Products Co. and several others have the largest share of the lucrative fruit juice market.

Fresh milk is available from three local dairies, but it is expensive. Most of the vegetable oil is imported and bottled locally in Hong Kong. Otherwise, imports provide the bulk of food consumption.

Supermarkets Becoming Place To Shop

Hong Kong's food distribution is split between modern supermarkets and convenience food stores (7-Eleven, Circle-K), traditional "wet" markets—which are either outdoors or grouped together in government-built structures—and independent and hotel restaurants. About half of all food shopping is done in wet markets; half in modern stores. The share of the wet markets is gradually losing out in favor of the supermarkets.

Hong Kong now has over 600 supermarkets and convenience stores. Two major supermarket chains—Wellcome and Park'n Shop—dominate. Each has more than 130 stores of varying sizes. Those situated in Chinese neighborhoods carry a somewhat different product mix from stores situated in neighborhoods dominated by expatriates.

Three smaller chains owned by Chinese companies—China Resources, China Products and Dah Chong Hong—carry mainly Western-style (canned, packaged and processed) foods. Convenience stores (7-Eleven has over 200 outlets) carry the same staples, soft drinks, microwave meals and snack items as in the United States.

Gaining in popularity are the new Japanese-owned supermarkets/department stores. Now numbering five stores, they boost the largest surface area per store (40,000 square feet at Yaohan's in Tuen Mun).

The majority of the supermarket chains are owned by British, Australian or Japanese companies, though daily operations are all handled by local Chinese.

Dozen Importers Handle Most Business

There are hundreds of food importers in Hong Kong, although only about a dozen companies serve the majority of the trade.

The giants (Sim's Trading, Hutchison) are owned by British companies. Others are owned by Hong Kong Chinese (Dah Chong Hong, Hong Kong Refrigerating). One major importer is U.S.-owned (Paramount/Etak). These companies maintain the warehouses and supply food stores, restaurants and airlines. Several own supermarket chains, but supply other companies as well.

U.S. companies who want to sell their product in Hong Kong may find it advantageous to retain one of the importers as an agent, rather than to sell direct to the food stores or restaurants. Park'n Shop and Wellcome, however, prefer to buy direct and consolidate container loads in the United States. Wellcome has adopted the generic names "Bonnie Hubbard" and "No Frills" for many of their U.S.-origin products.

Until recently, Wellcome and Park'n' Shop supermarket buyers were biased in favor of British suppliers. They stocked items to appeal to British expatriates, such as canned plum pudding for Christmas and port wine.

However, U.S. expatriates now outnumber the British, so there has been a subtle shift toward U.S. lifestyles and foods in Hong Kong. Established food retailers are showing a greater interest in buying U.S. products.

Hong Kong at a Glance

Land

Some 1,040 square kilometers; 7 percent arable; 1 percent permanent crops; 1 percent meadows and pastures; 12 percent forest and woodland; 79 percent other, including 3 percent irrigated.

People

Population: 5,651,193 (July 1988); average annual growth rate 1.05 percent. Ethnic divisions: 98 percent Chinese, 2 percent other.

Language: Chinese (Cantonese), English.

Literacy: 75 percent.

Labor force: (September 1986) 2.64 million; 35.8 percent manufacturing; 22.7 percent wholesale and retail trade, restaurants and hotel; 17.1 percent services; 7.5 percent construction; 8.4 percent transport and communications; 6.1 percent financing, insurance and real estate; and 2 percent unemployment.

Government

Official name: Hong Kong.

Type: British colony; scheduled to revert to China in 1997.

Capital: Victoria.

Economy

GDP: $41.8 billion.
Per capita GDP: $7,550 (1986).
Per capita food expenditures: $3,250 (1987).

Major industries: Textiles and clothing, tourism, electronics, plastics, toys, watches, clocks.

Agriculture: Minor importance. Less than 20 percent self-sufficient.

Exports: $47.6 billion (1987 est.), including $22.9 billion reexports; clothing, plastic articles, textiles, electrical goods, wigs, footwear, light metal manufactures.

Imports: $47.4 billion (1987 est.).

Major trade partners: Exports—U.S., China, Federal Republic of Germany, U.K., Japan. Imports—China, Taiwan, U.S. (1987).

Agricultural imports (1987): $4.812 billion. U.S. market share: 16.8 percent.

One reason is that these products appeal to U.S. expatriates. But more compelling rationales are better quality (such as for fresh fruit), reasonable freight costs from the U.S. West Coast and improved prices.

Newer features of Hong Kong food retailing are luxury shops and importers specializing in gourmet foods and wines. In addition, luxury restaurants and hotel grillrooms have expanded. While younger Hong Kong consumers are flocking to fast-food outlets serving hamburgers, fried chicken and pizza, the establishment and tourists are filling hotel restaurants that serve steaks and seafood.

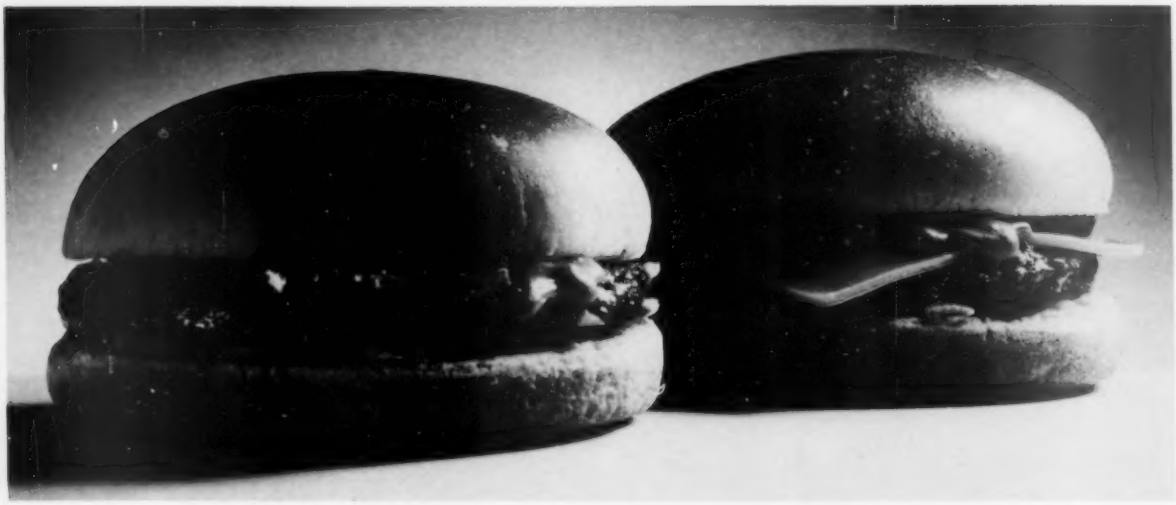
Be Aware of Import Requirements

Hong Kong labeling requirements are generally not restrictive. Labels may be either in English or Chinese. A new requirement is that products with a shelf life of less than 18 months must show an expiration date. Recently, problems have emerged with labels that say "Contents," rather than the word "Ingredients," which is the required wording.

Certain colorings and flavorings are not permitted. All U.S. meat and poultry entering Hong Kong must be accompanied by documents certifying inspection by the U.S. Department of Agriculture. Wines and spirits duties and taxes are high, so that retail prices are nearly double the import price. Only spirits containing more than 40 percent alcohol (over 80 proof) are allowed entry. ■

The author is the assistant U.S. agricultural officer in Hong Kong.

West Germans Say *"Wunderbar"* to Convenient Foods



Auf Wiedersehen Wiener schnitzel and apple strudel. *Willkommen* fast-food burgers and frozen food. West German consumers are beginning to show a preference for fast and convenient foods.

As a result, frozen and fast foods are gaining in West Germany and the use of microwave ovens is growing. Together these trends mean opportunities for U.S. firms in the changing West German market.

Germany Is Top Food Importer

West Germany is the world's largest importer of food and agricultural products, and its population of 61 million is the largest among the European Community member states. Its consumers have the second highest purchasing power in the World behind Swiss consumers.

In addition, the lower value of the dollar has stimulated considerable interest among the West German food trade in importing products from the United States.

Frozen Food Sales Heating Up

Of all food products consumed in West Germany, frozen foods were selected as the product group with the highest growth potential, according to a recent survey of

the West German food trade. Consumers' desire for convenience and the significant increase in microwave oven purchases bode well for the frozen food industry.

According to a leading West German food trade magazine, frozen food consumption has increased 240 percent in the past 10 years. Per capita consumption in West Germany is placed at 13.6 kilograms,[1] considerably less than the 40-kilogram average in the United States, so there is plenty of room for growth.

Vegetables account for more than half of all West Germans' frozen food purchases. During a 10-month period in 1987, frozen vegetables accounted for 29.5 percent of all frozen product sales, followed by potato products at 29 percent.

Other products purchased included fish at 12.9 percent, pizza at 9.3 percent, baked goods at 6.6 percent, complete meals at 4.8 percent, breaded meats at 2.9 percent and bread (French baguettes) at 2.4 percent.

Germans Catching the Microwave Wave

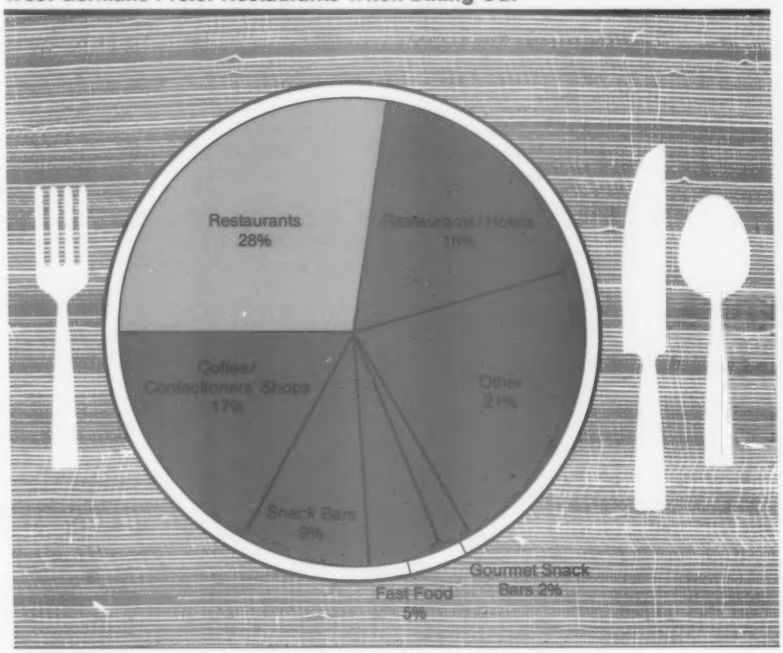
Tied into this growth in frozen food sales is the increasing popularity of microwave ovens. West Germans bought more than 1 million microwave ovens during 1987, with half of them purchased during the last quarter of the year. By the end of 1987, more than 10 percent—or 2.5 million West German households—owned microwave ovens.

Another market with potential for the U.S. exporter may be the West German food service industry. A 1987 nationwide survey reported that the average West German family dines in a commercial establishment about once a week. This is just slightly below the U.S. average of 1.5 times a week.

However, 48 percent of those interviewed said their families consumed 1.7 meals a week at a commercial establishment.

[1] 1 kilogram=2.046 pounds.

West Germans Prefer Restaurants When Dining Out



U.S. Firms Set Pace in West German Fast-Food Market in 1987

Rank	Company	Net Sales ($ Mil.)	No. of Outlets
1	McDonald's	$455.3	262
10	Burger King	$106.8	62
31	Wendy's	$23.5	24
43	Pizza Hut	$12.9	32

Restaurants ranked as the top choice among families dining out.

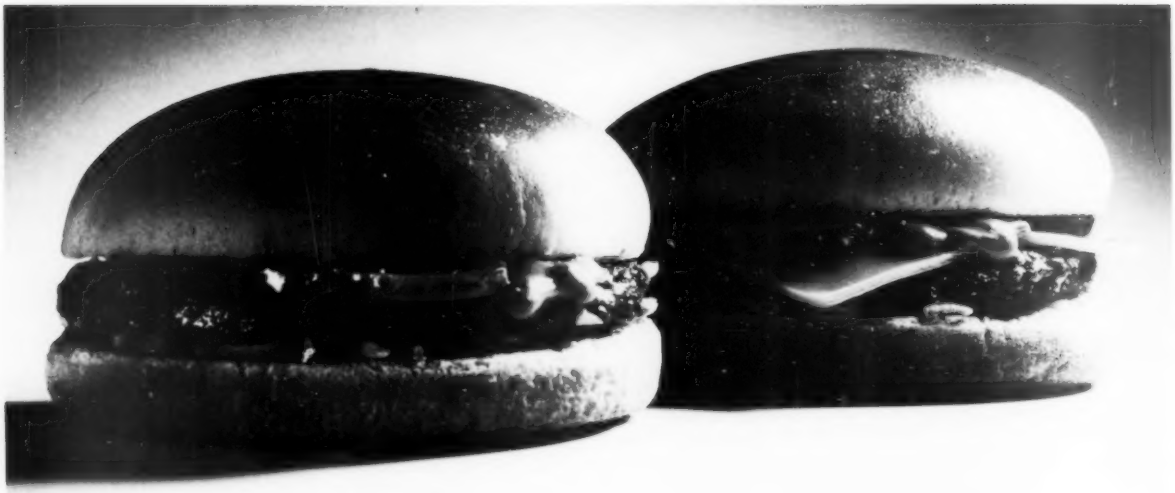
Fast-Food Industry Continues To Expand

While only 5 percent of those contacted for the survey reported dining at fast-food restaurants, this segment of the West German food service industry is growing. West German fast-food sales are forecast to reach 30 billion Deutsche marks or US$17.6 billion in 1988, according to a recent study. The study's definition of fast food includes franchises, airline food services, family-owned firms and snack bars.

In 1987, the top 45 fast-food businesses had a total net sales of US$3.3 billion, a 7-percent increase over 1986. In 1988, the top 45 firms are expected to account for 20 percent or US$3.5 billion. McDonald's, Burger King, Wendy's and Pizza Hut all ranked among the top 45 firms.

McDonald's ranks number one among the fast-food firms in West Germany, both in net sales and number of outlets, according to the study. In 1987, McDonald's net sales tallied U.S.$455 million from 262 outlets. ■

West Germans Say *"Wunderbar"* to Convenient Foods



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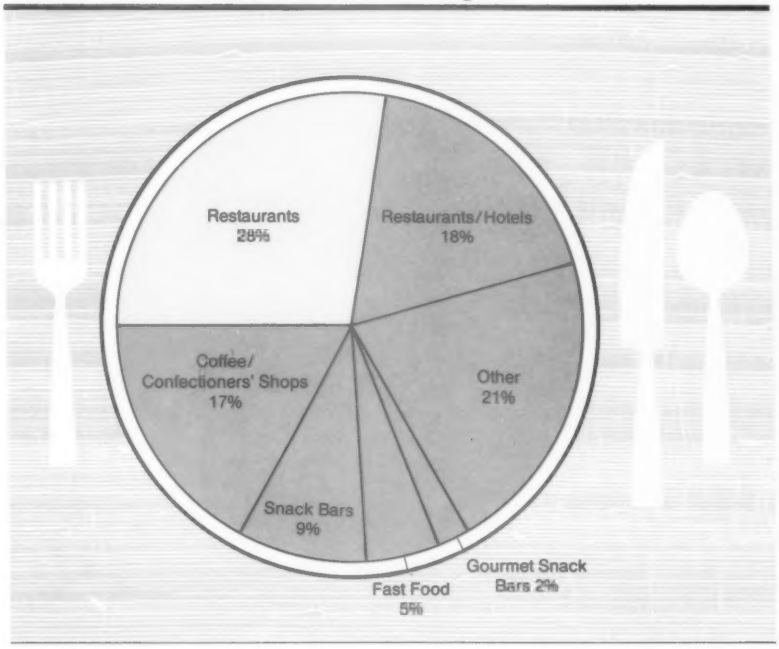

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Fact File

A Glossary of Common Export Documents

Certificate of Origin—A document which is used to assure the buying country precisely in which country the goods were produced. The certification of the origin of the merchandise is usually performed by a recognized Chamber of Commerce.

Commercial Invoice—A bill for the goods from the seller to the buyer. It often is used by governments to determine the true value of goods for the assessment of customs duties. It also is used in the preparation of consular documentation. Governments using the commercial invoice to control imports often specify its form, content, number of copies and language to be used.

Consular Invoice—Required by some countries, this document is used to control and identify goods shipped to them. It usually must be prepared on special forms and may require legalization by the foreign government's Consul.

Delivery Instructions—Provides specific information to the inland carrier concerning the arrangement made by the forwarder to deliver the merchandise to the particular pier or steamship line. Not to be confused with Delivery Order, which is used for import cargo.

Dock Receipt—Used to transfer accountability for the cargo between domestic and international carriers at the ocean terminal. This is the document, prepared by the shipper or forwarder, which the ocean carrier signs and returns to the delivering inland carrier, acknowledging receipt of the cargo.

Export Declaration—Required by the U.S. Department of Commerce to control exports and act as a source document for export statistics. It includes complete particulars on the shipment. Abbreviation: Export Dec.

Inland Bill-of-Lading—Also known as a waybill on rail or the "pro forma" bill-of-loading in trucking. It is used to document the transportation of the goods between the port and the point of origin or destination. It should contain information such as marks, numbers and steamship line to match with a dock receipt. Abbreviations: "pro" or "pro ticket", waybill.

Insurance Certificate—Assures the cosignee that insurance is provided to cover loss or damage to the cargo while in transit.

Letter of Credit—A financial document issued by a bank at the request of the cosignee guaranteeing payment to the shipper for cargo if certain terms and conditions are fulfilled. Normally it contains a brief description of the goods, documents required, a shipping date and an expiration date after which payment will no longer be made.

Ocean Bill-of-Lading—A receipt for the cargo and a contract for transportation between a shipper and the ocean carrier. It also may be used as an instrument of ownership which can be bought, sold or traded while the goods are in transit. To be used in this manner, it must be a negotiable "Order" Bill-of-Lading. Abbreviations: Blading, B/L.

A clean Bill-of-Lading is issued when the shipment is received in good order. If damage or a shortage is noted, a Clean Bill-of-Lading will not be issued. An On Board Bill-of-Lading certifies that the cargo has been placed aboard the named vessel and is signed by the master of the vessel or his representative. On letter of credit transactions, an On Board Bill-of-Lading is usually necessary for the shipper to obtain payment from the bank. When all Bill-of-Lading are processed, a ship's manifest is prepared by the steamship line. This summarizes all cargo aboard the vessel by port of loading and discharge.

Transmittal Letter—A list of the particulars of the shipment and a record of the documents being transmitted together with instructions for disposition of documents. Any special instructions also are included.

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Austria

U.S. Beef Sales Reach Quota Limit

Austria fulfilled its U.S. high-quality beef quota of 600 metric tons last year, thanks to U.S. market development activity there and the low dollar relative to the Austrian schilling. The United States is the No. 1 supplier of high-quality beef to Austria—mostly tenderloins—and is expected to retain this position in the new year.

Since there is no import levy on U.S. high-quality beef, the U.S. products are competitive with Czechoslovakian tenderloin which is subject to a S50-per-kilogram ($4.00) import levy. The levy raises the price of the Czechoslovakian tenderloin to the same price—about S110-120 per kilogram ($9.50)—as Austrian and U.S. tenderloins. However, the quality of U.S. tenderloin is regarded as superior.—*James K. Freckmann, former Agricultural Counselor, Vienna.*

Indonesia

Expanding Textile Industry Spurs U.S. Cotton Sales

Indonesia's export-oriented textile industry continues to expand rapidly, providing a healthy outlook for cotton imports in the coming years. U.S. exports of cotton to this market have benefited from this expansion, as well as from changes in Indonesian policy. Indonesia, the world's eighth largest cotton importer, imported an estimated 827,000 bales in the 1987-88 (August-July) marketing year. Imports are expected to increase in 1988/89 to replenish stock levels. During the first half of 1987/88, the United States and China were running neck and neck with about 28 percent of the market for each country. Indonesia is the sixth largest market for U.S. cotton. The United States exported 266,000 bales to Indonesia during the first 11 months of 1987/88.

Indonesia's cotton production is insignificant and continues to be plagued by weather and insect problems. As a result, it provides only a fraction of the raw material needed for the domestic textile industry. This situation is unlikely to change in the near future so Indonesian farmers continue to plant food crops that bring a higher return.

The textile industry is the principal buyer of U.S. cotton, which is used mainly for producing yarn, cloth and clothing. U.S. cotton is preferred by Indonesian textile millers because of its high quality, availability and efficient delivery. However, price remains the most significant influence on the Indonesians' purchase of cotton for textile use.

Changes in domestic policy also have given a boost to cotton suppliers, including U.S. exporters. In November 1987, Indonesia's Minister of Trade suspended a requirement that Indonesian importers buy 1 ton of domestic cotton for every 10 tons of foreign cotton. The requirement was difficult to implement since domestic production meets less than 5 percent of demand. The requirement also may have hindered textile production at a time when the government was promoting exports.—*Kenneth L. Murray, U.S. Agricultural Attache, Jakarta.*

Nigeria

Grain Imports Become Competitive With Domestic Crop

Grain prices in Nigeria remain about three times the level of a year ago due to serious flooding in the northern part of the country. As a result, Nigeria continues to import U.S. grain sorghum for food use and poultry feed. Use by brewers is a future possibility. Trade sources report prices of about 1,800 naira (US$257-391) per ton or higher. At these prices, imported sorghum continues to be price competitive. Although some lowering of prices was expected this fall, many trade sources doubt that prices will fall anywhere near levels of previous years.

If the next harvest is good, local prices will fall to a level where imports paying 20 percent duty will not be economical. The biggest potential consumer of imported sorghum is the poultry industry, which has been squeezed severely by high input costs and low consumer incomes.—*Thomas A. Pomeroy, U.S. Agricultural Attache, Lagos.*

Philippines

Wheat Consumption Continues To Grow

Wheat consumption in the Philippines continues to grow at a rapid rate. This is good news for the United States, which supplied 91 percent of Philippine 1987/88 milling wheat imports of 1.04 million tons. Consumption grew at an annual rate of between 10 and 18 percent during the 1985/86-1987/88 period. Per capita wheat consumption in 1987/88 is estimated at 18 kilograms, 38 percent higher than in 1984/85.

Expansion of wheat consumption is attributed to a rapidly growing population, a general increase in consumer purchasing power and declining prices for imported wheat, which has kept flour prices relatively low. A switch by consumers from rice to wheat and wheat-based products, the relaxation of foreign exchange constraints and the move from the government to the private sector by wheat importation and flour distribution in late 1985, have also added to the growth in consumption. The sharply lower 1987/88 rice crop also led to regional rice shortages and higher prices, which contributed to the growth in wheat consumption. For 1988/89, wheat consumption is expected to grow 7 percent as higher wheat import prices slow consumption growth somewhat.—*Robert M. McConnell, U.S. Agricultural Counselor, Manila.*

Portugal

U.S. Almonds Benefit From Lifting of Import Ban

Portugese imports of U.S. almonds took off toward the end of 1987 and continued to climb in 1988, as the Portugese confectionery sector took advantage of the lifting of a vitrual ban on imports of almonds. The ban was in effect prior to Portugal's accession to the European Community in 1986. Importers can obtain the almonds at prices lower than domestic prices, even after paying the import duty.

In spite of the import-duty preferences to the rest of the European Community, Portugal imported 90 tons of almonds from the United States from October 1987 through March 1988. Importers like the appearance and uniformity of U.S. almonds and short-term prospects for sales in Portugal remain relatively good. In the long run, however, the proximity of Spain is likely to create serious obstacles for U.S. exports of almonds to Portugal.—*Homer Sabatini, Agricultural Counselor, Lisbon.*

Spain

Imports of U.S. Cotton Are on the Rise

Pakistan and China have replaced the United States and Turkey as leading cotton suppliers to Spain. During the first five months of the 1987/88 marketing year, these two countries accounted for 45 percent of the Spanish cotton market.

Thanks in large part to research, aggressive promotional activities emphasizing U.S. cotton quality and more competitive U.S. prices, the United States has regained some of the Spanish cotton market. The U.S. share of the market climbed to nearly 10 percent during August-December 1987. For the first 11 months of the 1987/88 marketing year, exports of U.S. cotton to Spain totaled 17,732 tons, an increase of 41 percent over the 12,581 tons exported in the same period of 1986/87. As recently as the early 1979/80, the United States exported 27,650 tons, and had a 39-percent share of the market.—*Ralph W. Dutrow, Agricultural Attache, Madrid.*

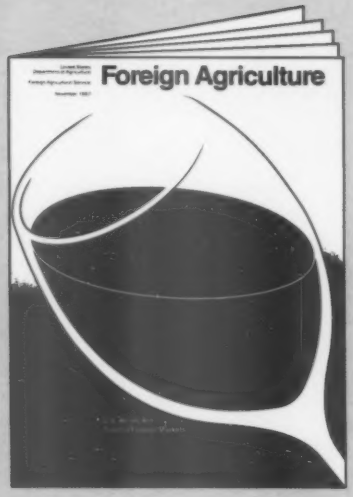
Tunisia

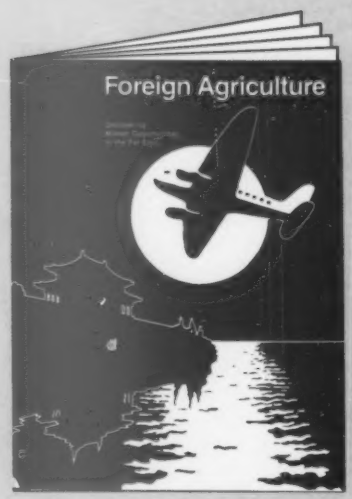
Demand Growing for Vegetable and Forage Seeds

The Tunisian market for seeds is growing as the country strives to develop new export markets for fresh vegetables in the European Community, especially France. The country also is improving and expanding its grazing land area by importing a higher volume of forage seeds to meet livestock feeding requirements.

In 1987, Tunisia purchased 14,800 tons of seeds, valued at US$8.71 million. This represents a 10-percent increase in quantity over 1986 imports. The U.S. share of the Tunisian seed market reached about 2 percent in 1987, compared to 0.6 percent in 1986. There should continue to be room for seed expansion, as Tunisia is investing heavily in irrigation projects, which will increase planted area and the need for more seed.

U.S. exporters interested in having their seed varieties tested for import by Tunisia should contact Mr. Mustapha Lasram, Manager, Tunisian National Institute of Agronomic Research. Telex: 13378 MINAGR, Tel. 230-107.—*Besa L. Kotati, Agricultural Trade Officer, Tunis.*





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